

## **The complaint**

T says HSBC UK Bank Plc (“HSBC”) refuses to refund it for transactions on its’ account it says it didn’t authorise.

## **What happened**

T says its’ director (who I’ll refer to as B) had his phone stolen and the thieves were able to access his online banking apps and make an unauthorised transaction from T’s business account in the amount of £5,000. B says the phone was stolen around 1am on 6 April 2024 and transaction in dispute was made later that morning. T says HSBC should refund this payment.

HSBC says the transaction in dispute was made online on B’s registered device and via the HSBC app. So even if B’s phone was stolen, the app was accessed via biometrics and so it believes there is no way someone else would’ve been able to imitate or bypass the biometrics login.

Our investigator considered the complaint and decided to uphold it. Although there was no conclusive evidence of how someone else was able to access the HSBC app through the biometric login, looking at all the evidence together he was persuaded that the transaction was more likely to have been unauthorised. HSBC didn’t agree, so the complaint has been passed to me for a final decision.

## **What I’ve decided – and why**

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

A consumer should only be responsible for transactions made from their account that they’ve authorised themselves. T has said it didn’t give any permission for the transaction in dispute to be made but HSBC believes it did. My role then is to give a view on whether I think T more likely than not authorised the transactions, based on the evidence I have available.

T’s evidence is that B’s phone was stolen just past midnight on 6 April 2024 after attending a music event. Its’ evidence is that a group of people who attended the same event began speaking to B outside, and then snatched the phone out of his hand while he was using it to call a taxi. According to this testimony, this means the people who took his phone had been in the same venue as B and had stolen it while it was unlocked. B says his phone was taken around 1am and he has provided evidence to show that his AppleID was changed at 1.24am and the “Find my phone” feature was disabled at 1.25am. I’ve seen evidence B’s SIM card was barred by the phone company on 6 April 2024 and it has provided evidence from the police investigating the theft. Based on all this evidence, and in the absence of any evidence to dispute this, I think it’s likely B’s phone was stolen, and in the manner described.

The transaction in dispute was carried out via the HSBC app and was funded by an incoming transaction in the app from T’s other accounts. HSBC’s main reasons for defending this claim is that no one else would’ve been able to access the app via biometrics other than

B. While generally this is true, we have seen rare instances where we believe a fraudster is able to change the biometrics on the phone using the phone passcode – and I understand this has typically been seen with Apple devices. B was in a music event with the same people who took his phone, so it is possible they saw him enter his passcode at some point before snatching the phone. Either way, it is not essential that I unpick every detail of how a fraudulent transaction was able to take place. Instead, I am required to consider the evidence provided by both sides and come to a decision on whether I am persuaded the transaction was authorised or not.

HSBC has pointed out that the same IP address was used on 4 April 2024 for genuine app access and used again on 6 April 2024 to login after the phone was taken. So, HSBC says this is evidence that the phone was not taken. However, IP addresses relate to the device connected to the internet and the location. From what I understand, the IP address does not necessarily relate to one household address, rather an area. As the device being used both times had not changed, I think it's likely had the fraudsters been in the same area B had been on 4 April 2024 the IP address could be the same. So, this does not persuade me that T had authorised the transaction in dispute.

Having considered everything, I am not persuaded the transaction in dispute was authorised. As I've said above, I think B's phone was stolen in the manner described and his actions following the theft are the actions I would expect someone to take in the circumstances. I've also seen that two transactions were attempted prior to the £5000 transaction in dispute, and these were all to new payees set up that morning. The transaction was also funded by incoming funds from T's other accounts with HSBC, so it seems someone was moving money from a savings account to a more active current account in order to drain all the funds possible. This is all indicative of fraudulent behaviour, and considering I think it's likely B's phone had been stolen at this point, I don't think the transaction was authorised.

The evidence provided from HSBC shows the HSBC app was logged into via biometrics, and money was transferred into T's account from its other accounts with HSBC. Then a new payee was added and a transaction for £3000 was attempted to the new payee at about 2.46am. However, HSBC says this transaction was blocked as it was flagged up by its fraud department. I understand a SMS was sent to B's number asking him to call to verify the payment but as no call was received the payment was not successful. Then another new payee was added and a transaction for £5000 was attempted to the second new payee at around 2.53am. This was blocked for the same reasons as the previous payment. So, I think HSBC had suspicions the transactions were fraudulent and it didn't allow them to go through until an additional verification step was completed. However, the transaction in dispute was carried out just after and to a third new payee which had just been set up. Overall, I think Halifax should've realised this transaction was fraudulent and blocked it from going through, like it did for the two prior transactions.

Considering all the evidence provided, I don't think the transaction in dispute was authorised. The issue of compensation was considered by the investigator, and I haven't seen that either party disputed his findings on this point, so there is no need for me to consider this again.

### **Putting things right**

HSBC UK Bank Plc should refund T the disputed transaction amount of £5,000 and additionally pay 8% simple interest on this amount from 6 April 2024 to the date of refund.

### **My final decision**

For the reasons outlined above I am upholding this complaint. HSBC UK Bank Plc should put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 9 December 2024.

Sienna Mahboobani  
**Ombudsman**